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SUBJECT: AMBASSADOR MEETS WITH ENVIRONMENT MINISTER AND ENGAGES ON TFCA DEAL

**¶1.** (U) Summary: On Wednesday, July 2, Ambassador Sobel met with new Minister of Environment, Carlos Minc. During a positive conversation that covered issues ranging from the development of ecotourism in the state of Amazonas to the impending visit to Brazil by USAID Administrator Fore, Ambassador Sobel also sought reaffirmation of the Ministry of Environment's support of a debt for nature swap with the USG under the Tropical Forest Conservation Act (TFCA). Minc said that his Ministry fully supports such an agreement and that he would approach Itamaraty and other institutions to learn more about the status of the GoB's position and to push for resolution as soon as possible. End summary.

**¶2.** (U) A courtesy call with new Environment Minister, Carlos Minc, quickly turned in an action oriented meeting. Ambassador Sobel opened the meeting by detailing his recent trip to Amazonas and meeting with Amazonas Governor, Eduardo Braga, where they discussed possible US partnership in developing the ecotourism sector there. Minc said that the GoB 'wants more ecotourism in Brazil' and has similar ideas for the development of this sector in the Amazon. He said that the GoB would welcome US cooperation and support in this regard. Ambassador Sobel also invited Minc to visit US National Parks as his predecessor Marina Silva did. Minc accepted.

**¶3.** (U) With regard to the TFCA debt for nature swap currently under negotiation between the USG and Brazil, Ambassador Sobel explained that the original USD 30 million in debt forgiveness has been reduced to USD 20 million. He went on to explain that Brazil must act quickly to accept the deal as the funds will likely not be available after September 30. Minc said that Brazil 'has the need and wants the TFCA deal to go through.' Ambassador Sobel assured Minc that Itamaraty has told him they would like to see an agreement reached, but that they need more time to discuss internally. Minc responded that he would personally engage on the issue with Itamaraty and other ministries/agencies so that 'we [GoB] don't let this important opportunity pass.' He promised to update the Embassy as soon as possible on his efforts.

**¶4.** (U) Minc went on to explain that TFCA funding could be used, inter alia, to fund programs to combat rising deforestation rates and encourage sustainable management, especially in the state of Mato Grosso. Even so, his Ministry is taking action early on in his tenure to combat deforestation and to rein in illegal logging and ranching in protected areas. For example, Minc highlighted that in a recent crackdown on illegal logging, the Brazilian government seized thousands of cattle grazing on public land in the Amazon rain forest. In May, Brazil's environmental protection agency seized several tons of grain, mostly soy and corn, grown on illegally deforested lands. In June, sixty steel companies across Brazil (not all in the Amazon) were charged nearly USD\$250 million in fines for

using illegally harvested forest charcoal. The Ministry of Environment also recently entered into an agreement with timber companies to extract and export only from non-protected areas.

¶15. (U) COMMENT: Lula has described Minc as an environmentalist who brings solutions instead of problems. Minc emulated this reputation during the meeting with Ambassador Sobel. In addition to highlighting the many actions that his Ministry has undertaken to address some of the environmental challenges that Brazil faces, his willingness to become personally engaged in issues such as TFCA (where the Ministry of Environment is not the lead on technical negotiations) and ecotourism illustrated his openness to cooperation with the USG. Perhaps more importantly, however, it also exhibited his confidence in his ability to influence the TFCA negotiations, likely due to his close relationship with Casa Civil. While it remains to be seen the level of influence he may wield overseeing one of the more traditionally weak ministries in the GOB, and in contrast to his predecessor, his personal relationships within the higher echelon of the GoB may bode well for future USG cooperation in this and other areas. END COMMENT.

KUBISKE